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RUEHLM/AMEMBASSY COLOMBO PRIORITY 6832
RUEHKA/AMEMBASSY DHAKA PRIORITY 2125
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 4870
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C O N F I D E N T I A L KATHMANDU 000596

SIPDIS

DEPT FOR SCA/FO, SCA/INS

E.O. 12958: DECL: 05/23/2018

TAGS: [PGOV](#) [KDEM](#) [PREL](#) [PHUM](#) [NP](#)

SUBJECT: DAS FEIGENBAUM MEETING WITH CPN-M LEADER DAHAL

Classified By: AMBASSADOR NANCY J. POWELL. FOR REASONS 1.5 (B/D)

¶1. (C) Summary: Communist Party of Nepal - Maoist (CPN-M) Chairman Pushpa Dahal vowed full commitment to Nepal's ongoing peace process, multiparty democracy, integration/rehabilitation of the People's Liberation Army (PLA), and transformation of the Young Communist League (YCL) into a mainstream party youth wing during a meeting with South and Central Asian Affairs DAS Feigenbaum May 27. Dahal announced there had been general agreement on several key issues between the parties in ongoing talks, but that a full agreement that could pave the way to the formation of a new government was still elusive. Feigenbaum commended the Maoist leader on participation in the democratic process and positive statements since April 10, but noted that substantial USG engagement, including any potential future change in terrorism designations, would depend directly on Maoist actions to continue embracing the political process and abandon political violence, including prompt actions to stop persisting PLA and YCL excesses. Dahal acknowledged the message on violence and announced a proposal to reform the YCL from its present paramilitary organization to a party youth wing. He further indicated that a solution to the PLA could take varied forms. Both Dahal and Bhattarai expressed confidence that the May 28 Constituent Assembly sitting would proceed peacefully, but were doubtful that an agreement on the formation of a new GON would be in place by then. On economic issues, Dahal noted that the CPN-M are not traditional Maoists and favored a capitalistic mode of production. End Summary.

¶2. (U) Visiting Deputy SCA Assistant Secretary Evan Feigenbaum, Ambassador Powell and DCM Berry met with Communist Party of Nepal Maoist (CPN-M) Chairman Pushpa Dahal and Deputy Chairman Baburam Bhattarai in Kathmandu on May 27. The meeting at Dahal's residence came between negotiating sessions between the Maoists and other party leaders in advance of the May 28 sitting of the Constituent Assembly. There were no other meeting participants.

USG Views

¶3. (C) Asked by Dahal at the meeting's outset for the US perspective, DAS Feigenbaum noted that the USG's interests

in Nepal had not changed following the election: the United States continues to support a democratic, stable, and prosperous Nepal. He commended Dahal on the CPN-M's participation in the democratic process and support for the Comprehensive Peace Agreement, but noted that quick action to address the most pressing issues including the continuing use of violence to achieve political goals -- would be essential.

14. (C) Following consultations and policy reviews in Washington over the past few weeks, Feigenbaum noted, one key conclusion was clear regarding U.S. policy. While the Maoists, participation in the democratic process and public message since the election were positive developments, the degree to which the United States could work with the CPN-M would depend directly on the degree to which the Maoists took actions to cease and renounce violence as a political tool. While political violence remained a concern with all Nepali political players, the reports of continuing YCL-inspired violence in rural areas, the existing designations, and the Maoist role as probable leader of a new GON made this concern especially applicable to the CPN-M. He urged Dahal and Bhattarai to focus on this issue, particularly regarding the actions and activities of the PLA and YCL.

15. (C) DAS Feigenbaum noted that while April 10 was an historic event, as would be the May 28 sitting of the Constituent Assembly, the US had particular interest in progress towards a political agreement among the parties that would follow democratic norms and honor the results of the election, towards the cessation of violence by all players, and to the role that the international community could and should play in supporting Nepal's continuing march towards democratization and a maturation of the peace process. These key interests, Feigenbaum noted, had been reiterated in his meetings with all key Nepali political and military leaders. No military coups, no democratic coups, no armed takeovers or other forcible action inconsistent with democratic practice would be acceptable.

Dahal: CPN-M totally committed to Multiparty Democracy

16. (C) Dahal, coming directly from negotiations with the Prime Minister and other party leaders, began his comments by noting that the CPN-M was totally committed to Nepal's existing peace process and to multiparty democracy and noted that, historically, it was his party that first championed the formation of a Constituent Assembly. Thus, the culmination of that decision to engage in the democratic process would reach a certain evolution on May 28. Nepal now had a chance to establish a new model for peace, one that could be an example for others in the South Asian region. The Maoists wanted a continuation of a unity government with support from all of the other major parties. Collective effort, particularly given the high expectations of the Nepali people, were a must. While agreement had been reached through negotiations on many issues, the parties were still at odds over the establishment of a Presidency, with the Maoists favoring an Executive Presidency (like the U.S., Dahal commented) and the other parties supporting a Westminster-model executive.

17. (C) Dahal argued that a solution to the PLA's status could easily be reached, noting that through a varied approach to integration and rehabilitation those cadres could be successfully transformed. The CPN-M's view had never been total integration of the PLA into the Nepal Army, he indicated. Only those who were professionally and physically fit should be candidates for integration, and other elements of the PLA could be assimilated into the Nepal Police, or as an industrial or border security force. He argued that for others, the key priority was to return to their homes, or seek vocational training for future employment. Through this variety of approaches, the issues surrounding the PLA could be resolved consistent with the Comprehensive Peace Agreement. He acknowledged that PLA cadres were responsible for the beating death of a Kathmandu businessman which led to last week's valley-wide strikes, but stated they had acted

on their own. He characterized the killing as a very serious problem that he was currently attempting to deal with, and vowed that those responsible would be punished by the party and the state.

¶18. (C) On the YCL, Dahal was more specific. He noted that earlier in the day, the Maoists had tabled a proposal to transform the YCL into a party youth wing, stripping away its paramilitary characteristics. Dahal directly acknowledged the problem of a YCL tendency towards violence, noting that they had originally been organized from the Maoists, part-time militia, and that retraining and stopping paramilitary practices would be key in changing the nature of the organization. Through the Maoist proposal, the most obvious forms of such activity would cease over a six-week period, including dispersing YCL cadres out of barracks-style housing, ending group physical education and martial arts training, and a reversal of the trend of bringing cadres from the countryside into urban areas. Pressed on implementation, Dahal flatly stated that the proposal had already been agreed to unanimously by the YCL Central Committee, and that most of the rural cadres would return to their home areas for retraining to focus on service delivery and development work. Feigenbaum noted YCL violence in rural areas. The issue, he told Dahal, is YCL behavior, not physical location in urban or rural areas.

¶19. (C) Commenting on the challenges of governance that soon will likely face the CPN-M, Dahal said we are not traditional Maoists. Following April 10, he had reached out to assure both the international community and Nepal's business community to emphasize their dedication to the rule of law, an inclusive constitution, empowerment of marginalized people and a pro-capitalistic form of production. He vowed that the Maoists sought to create a conducive environment for both domestic and international business, encouraging investments in sectors ranging from tourism to hydropower. Asked about the current fuel crisis, Dahal indicated clearly that the Maoists would seek to end the existing broad subsidy to be replaced with a smaller, targeted subsidy for the poor. Both Dahal and Bhattarai acknowledged that this would be an unpopular step, but that it needed to be done.

¶10. (C) On Wednesday's sitting of the Constituent Assembly, Dahal noted that he expected proceedings to go quietly. The declaration of a republic was certain, and suggested that the only action relative to the Royal Palace would be an action by the Prime Minister and Chief of Army Staff to physically replace the King's standard with the Nepali national flag. Maoist leadership had warned its cadre against demonstrations/celebrations in the vicinity of the Palace, where King Gyanendra is currently in residence. Noting that they had been in "indirect" contact with the King, Dahal suggested that he could simply move to Nirmal Palace in the short term while a graceful exit could be agreed upon.

Comment

¶11. (C) The tenor of the discussion with the Maoist leaders was frank; the tone cordial. Both Dahal and Bhattarai clearly took on board the link between USG policy, particularly on the issue of terrorism designations, and Maoist actions. Plans to address both PLA integration and YCL retooling have been tabled. Messages on inclusive governance, adherence to democratic principles, and a spirit of moderation were all effectively communicated. The challenge remains, however, whether the CPN-M leadership has the will, the motivation, and the ability to deliver on these key issues, particularly on the issue of violence. While agreements on the PLA and YCL may be in the offing, the reorientation of the YCL will likely be the first tangible test. The Maoist message on USG engagement was also promising, with Dahal saying that Nepal needed U.S. support to prosper and realize a cementing of the peace process, and particularly welcomed U.S. investment, for instance in hydropower. However, as with many of these key positions, the real meaning will be read more from Maoist action than

from statements.

[¶12.](#) (U) SCA DAS Feigenbaum has cleared this message.

POWELL